

SCHOOL BUSINESS E-ALERT

May 2007

CAR COA Issues Identified

This School Business Alert gives a summary of issues identified in the chart of account upload of the certified annual report. This information was shared at the IASBO regional meeting and at the Academy. It is presented here for your reference as requested by several districts and AEAs.

Editing the Charts

The team has tested each edit to be sure that it was working properly when the charts of accounts were upload. This information will be used to improve the on-line edits for the FY07 chart of account upload. A few uploads were corrected if the issues would affect next year's edits or the federal reports. If issues identified did not impact the federal reports or next year's edits, those charts were not changed. Instead, that information will be used to improve the edits for the FY07 upload.

Issues Identified by Account Code Section

Account ID

- Account IDs on the balance sheet should match the account numbers on the balance sheet. For example, Account ID 1 is used with balance sheet accounts 100-199, Account ID 2 is used with balance sheet accounts 200-299, etc. Account 610 should be used only with Account ID 6, but several districts used account 610 with Account ID's 3, 4, 5 and 7.

Fund

- Scholarships should be in fund 81 and should not be in fund 27 or funds 51-59.
- Funds 08 and 09 are long-term only, so should not include 100, 400, or 700 balance sheet accounts.

Facility

- The Facility dimension is 4 digits in length. Two districts reported facilities of only 2 digits.
- We are clarifying with the AEA how to upload only their operating units in position 1 with trailing zeros even if they locally use the facility code differently.
- We are still testing that districts with charter schools used a facility code as required.

Function

- Numerous Instances where the Salary Object Code Was Not Appropriate with the Function – Either the Incorrect Function or Incorrect Object Code Was Used

- Function 2110's (Attendance and Social Work) with Objects 120's (Teachers)
- Function 2120's (Guidance) with Objects 100's (Aides)
- Function 2130's (Health Services) with Objects 120's (Teachers)
- Function 2140's (Psychological Services) with Objects 120's (Teachers)
- Function 2240's (Academic Student Assessment) with Objects 100's (Aides)
- Function 2210's (Improvement of Instruction) with Objects 100's (Aides)
- Function 2230's (Instruction-Related Technology) with Objects 100's (Aides)
- Function 2290's (Other Instructional Staff Support) with Objects 100's (Aides)
- Function 25XX (Business & Central) (other than 2510's) with objects 100's (Aides), 110's (Administrators), 190's (Service Workers)
- Function 2620's (Operation and Maintenance) with objects 100's (Aides)

- Salaries in the Board of Education Function
- Operation and Maintenance (Function 2600's) in the Capital Projects Fund
- Function 2800 used – Not valid
- Function 2312, District Secretary/Clerk Used (should be 2510)
- Community Service (Function 3300's) used with Objects 630's (Food for Food Service Program) – Should have used Function 3100's Food Service Operations – In Day Care Fund
- Function 3300's (Community Service) with no program (000's) – Should have used Program 800's (Community Service Programs)
- Function 6100's (Interagency Flowthrough) with Objects 951's (Intrafund Transfers)
- Functions 6200's (Interfund Transfers Out)
 - Interfund Transfers Out did not balance with Interfund Transfers In
 - Inappropriate objects used (Should only be 910's) (Saw salaries, benefits, purchased services, supplies, and equipment)
 - Included retirement of debt (should be Function 5000)
- Transfers in and transfers out cannot be both from and to the same fund.

Program

- A program number other than 000 must be used with Function 1xxx.

- 21x and 24x must have a project code other than 3295, 3296 or 0000.
- Student Activity Fund was used with LEP program codes, and School Nutrition Fund was used with student activity program codes. This indicates that some districts did not correctly update their program codes from the previous account code structure.

Project

- There were a few instances where project numbers in the 4000-4699 (except nutrition) slipped through where revenues didn't equal expenditures.
- A lot of revenues had project 0000 when they should have had other project numbers. These then did not have to have revenues equal expenditures.
- Project numbers 4700 – 4790 should only be used in specific cases detailed on the Chart of accounts. They were used in non-specific cases.
- Project numbers were not used with source or expenditure numbers when they should have been, in Projects 3213-Phase III, 3215-School Improvement Technology, and 3216-Early Intervention.

Object

- We will include information in training on the 100-199 objects codes, especially the paraprofessionals and administrators/officials. These object codes were used in functions where they would not be appropriate by some districts.
- Object code 910 is for interfund operating transfers out, but several districts used that code for repayment of principal instead of object code 831.
- Object code 710 is used only for the purchase of land, including existing improvements. Any district improvements should be coded to object code 450.
- Object code 720 is used only for the purchase of existing buildings. New construction, remodeling, and other building improvements should be coded to object 450.

Account

- In funds 08 and 09, assets did not equal the total of liabilities and equity for several districts and AEAs. For fund 08, this may be caused by erroneously including depreciation. There should not be any depreciation recorded in fund 08.
- Funds 91 and 99 (agency funds) do not have equity or long-term liabilities, so will not have any balance sheet accounts 500-999.
- Account 535, Construction Contracts Payable was Used,
 - Extremely rare for a Long-term Liability

- Account 610, With Account ID 3, 4, 5, or 7 (Should be Account ID 6)
- Account 738 Used by LEAs – Is an AEA only Account
- Account 719 (Reserved Fund Balance) Used with Federal Projects (Reduce Revenue and Defer)
- Account 719 (Reserved Fund Balance) should be set up for carry-forward dollars in Project 3213, 3215 and 3216.
- Account 480's (Deferred Revenue) Used with State Projects (Should be Reserved Fund Balance or a Different Liability)
- Account 500's (Long-Term Liabilities) in Funds Other than 09 – Enterprise Funds Don't Have Authority to Issue and Not Appropriate for Fund 08
- Accounts 710's 720's (Reserved and Designated Fund Balance) Reported in Enterprise Funds
- Account 739 (Unreserved fund balance) was used with project codes 3xxx and 4xxx. 3xxx would be used with 719. 4xxx shouldn't have reserved fund balance.

Source

- Districts used source codes 12xx, 135x, 152x and 154x which are not valid in Iowa. Common misuses were for Insurance "dividends" (use 1980), Summer school tuition (use 136x), Gas Tax refund (credit to expenditures or 1980 for prior year).
- Source 3213- Phase III, and 3215-School Improvement Technology, should not have been used because those funding streams no longer exist.
- Edits checking source amounts to tables did not work in all cases. Incorrect amounts were uploaded in 3111-State Aid, 3214 AEA Flow-through.
- Instructional Support Income Surtax 1134 was not coded correctly – common misuse was Instructional Support Property Tax 1114.
- Every school district should have used 3251-School lunch assistance and 3252-school breakfast assistance (only 1 district had no breakfast program) but did not.
- Commodities error: only 1 district should have used 4331- cash in lieu of commodities. 17 districts reported in both 4331 and 4951.
- Only the numbers strictly identified for nutrition should be used.
- 4740-Federal Revenues from a county were found in an Internal Services fund which would not be appropriate.
- 47xx-Grants from Federal Govt. had state, district-assigned, and no project codes but should only have had federal project codes.
- AEAs used sources for grants only awarded to districts.

- Federal grants like 4648 –Grants for State Assessments (Title VI A) were awarded to all districts, but not reported by all.
- Header numbers were used and shouldn't have been.
- Header and detail numbers were both used when only one or the other of these should have been used.

General problems with Debt

- Issuance Costs Noted, but No Debt (Fund 23 or 30's) – Some of these may have been for bond registrar fees, but those should flow through the Debt Service Fund with the principal and interest payments.
- Long-term Interest in Capital Projects Fund.
- Revenue reported appears to be the net amount received rather than the principal amount of debt issued only (issuance costs and discounts are recorded as expenditure and premiums and accrued interest are recorded as a different source).
- In one instance, the bond amount was \$100,000, but the premium on the bonds was approximately \$9.7 Million.
- Found accrued interest on bonds reported with no bond proceeds.
- Found discount reported with no debt proceeds.
- Long-term debt didn't reconcile (PY Debt Outstanding Plus Debt Issued Less Retirements Not Equal to CY Outstanding Debt).
- Many districts used object 910 or object 920 for principal paid rather than the correct object 831.

Certified Enrollment for 2009-2010 (planned)

- Project EASIER enrollments will populate the Certified Enrollment form.
- Districts may edit by entering or removing individual students by State ID.

GFOA Certificate of Achievement for Excellence in Financial Reporting

The following eight school districts have received the Certificate of Achievement for fiscal year 2005 reporting:

- Cedar Rapids
- Davenport
- Johnston
- North Scott
- Sioux City
- Southeast Polk
- Waterloo
- West Des Moines

Congratulations to each of you on a job well done!

PROJECT EASIER DATA TO POPULATE CERTIFIED ENROLLMENT

Certified Enrollment for 2007-2008

- Certified Enrollment will be completed in the same way it was done in 2006-2007.
- In addition, the Project EASIER enrollments will be displayed on the Certified Enrollment form.
- If there are discrepancies and the Project EASIER data is incorrect, corrections should be made and a new file submitted.
- The corrections to Project EASIER do not have to be made by the October 15 Certified Enrollment due date.

•Certified Enrollment for 2008-2009 (planned)

- Project EASIER enrollments will populate the Certified Enrollment form.
- Districts may edit the totals.